

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

WWW.WINDOW.STATE.TX.US



January 16, 2008

<NAME>

<ADDRESS>

<CITY STATE ZIP>

Dear Business Owner:

This is a follow up to the letter we sent you in October regarding the sexually oriented business fee. Beginning on Jan. 1, 2008, the fee is imposed on sexually oriented businesses that provide live nude entertainment or live nude performances and that authorize on-premises consumption of alcoholic beverages, regardless of whether the businesses are required to hold a license or permit under the Alcoholic Beverage Code.

A sexually oriented business must file a report and remit payment of the fee by the 20th day of the month following each calendar quarter. The first report due date under this new law will be April 21, 2008.

We furnished you with a questionnaire and asked that you complete and return it no later than Nov. 1, 2007. To ensure that your business is registered to remit the fee, or to reflect that your business is not subject to the fee, please make sure to return the completed questionnaire to the Texas Comptroller of Public Accounts by Jan. 31. (The questionnaire is available online at www.window.state.tx.us/taxinfo/taxforms/ap-225.pdf.) Any business owner not responding to the questionnaire will be automatically held responsible for reporting and remitting the fee.

For more information on the sexually oriented business fee, go to www.window.state.tx.us/taxinfo/sobus_fee/index.html.

If you have any questions regarding the sexually oriented business fee, please contact us by e-mail at tax.help@cpa.state.tx.us or call us toll-free at (800) 252-5555, or at (512) 463-4600 in Austin.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryant K. Lomax". The signature is fluid and cursive.

Bryant K. Lomax
Manager, Tax Policy Division